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MONTANA LEGISLATIVE HISTORY

Chapter 459 19 97

Bill H 430 S _____ Original bill & history X C

H. Committee on State Admin.			S. Committee on State Admin.		
Hearing Date(s)	Feb 12	✓ C	Hearing Date(s)	Mar 20	C
	Feb 14	✓ C		Mar 25	C
		C			C
		C			C
Date Out	Feb 14	✓ C		Mar 25	✓ C

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

LEGISLATIVE HISTORIES SINCE 1997

The scope and depth of legislative committee minutes varies by year and by committee. If you would like additional information about a hearing, you may want to determine whether the hearing was recorded. In addition, some recent floor debates were also recorded. For information on accessing or purchasing these recordings, contact the Historical Society Archives at 406-444-4774.

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House Bill No. 430

Introduced By

A Bill for an Act entitled: "An Act increasing the service retirement benefit for certain members of the firefighters' unified retirement system to 2.5 percent of final average compensation for each year of service; using final average compensation in the calculation of disability benefits instead of final monthly compensation; raising contributions; increasing general fund revenues by providing that excess insurance premium taxes be deposited to the state general fund; providing an actuarial funding mechanism to pay minimum benefit increases; reducing the number of years required for vesting; clarifying the date on which retirement benefits may commence; amending sections 19-13-104, 19-13-301, 19-13-601, 19-13-604, 19-13-701, 19-13-704, 19-13-803, 19-13-902, 19-13-1007, and 19-18-606, MCA; repealing sections 19-13-615, 19-13-1006, and 19-13-1009, MCA; and providing an effective date."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 19-13-104, MCA, is amended to read:

"19-13-104. Definitions. Unless the context requires otherwise, the following definitions apply in this chapter:

(1) Any reference to "city" or "town" includes those jurisdictions ~~which~~ that, ~~prior to~~ before the effective date of a county-municipal consolidation, were incorporated municipalities, subsequent districts created for urban firefighting services, or the entire county included in the county-municipal consolidation.

(2) "Compensation" means:

(a) for a full-paid firefighter, the regular remuneration, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid by an employer for the firefighter's service as a firefighter;

(b) for a part-paid firefighter employed by a city of the second class:

(i) 15% of the regular remuneration, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid on July 1 of each year to a newly confirmed, full-paid firefighter of the city that employs the part-paid firefighter; or

(ii) if that city does not employ a full-paid firefighter, 15% of the average regular remuneration, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid on July 1 of each year to all newly confirmed, full-paid firefighters employed by cities of the second class.

(3) "Dependent child" means a child of a deceased member who is:

(a) unmarried and under age 18; or

(b) unmarried, under age 24, and attending an accredited postsecondary educational institution as a full-time student in anticipation of receiving a certificate or degree.

(4) "Employer" means any city that is of the first or second class or that elects to join this retirement system under 19-13-211.

(5) "Final average compensation" means the monthly compensation of a member ~~hired on or after July 1, 1981,~~ averaged over the last 36 months of the member's active service or, if the member has not been a member that long, over the period of the member's service. Lump-sum payments for annual leave paid to the member upon termination of service may be used to replace, on a month-for-month basis, the normal compensation for a month or months included in the calculation of final average compensation.

(6) "Firefighter" means a person employed as a full-paid or part-paid firefighter by an employer.

(7) "Full-paid firefighter" means a person appointed as a firefighter under 7-33-4106.

~~(8) "Last monthly compensation" means the compensation paid to a member during the member's last full month of service. Lump-sum payments for annual leave paid to the member upon termination of service may not be included in the calculation of last monthly compensation.~~

~~(9)~~(8) "Minimum retirement date" means the first day of the month coinciding with or immediately following, if none coincides, the date on which a member becomes both age 50 or older and completes 10 or more years of membership service.

~~(10)~~(9) "Part-paid firefighter" means a person employed under 7-33-4109 who receives compensation in excess of $300 a year for service as a firefighter.

~~(11)~~(10) "Prior plan" means the fire department relief association plan of a city that elects to join the retirement system under 19-13-211 or the fire department relief association plan of a city of the first or second class.

~~(12)~~(11) "Retirement date" means the date on which the first payment of benefits is payable.

~~(13)~~(12) "Surviving spouse" means the spouse married to a member at the time of the member's death."

Section 2. Section 19-13-301, MCA, is amended to read:

"19-13-301. Active membership -- inactive vested member -- inactive nonvested member. (1) A full-paid firefighter becomes an active member of the retirement system:

(a) on the first day of the firefighter's service with an employer;

(b) on July 1, 1981, if the firefighter is employed by an employer on that date; or

(c) in the case of an employer ~~that~~ who, elects to join the retirement system as provided in 19-13-211, on the effective date of the election if the firefighter is employed by the employer on that date.

(2) Upon becoming eligible for membership, the firefighter shall complete the forms and furnish any proof required by the board.

(3) A part-paid firefighter may elect to become a member of the retirement system by filing a membership application with the board.

(4) An active member becomes an inactive member upon the occurrence of the earliest of the following:

(a) the date the member ceases service with an employer;

(b) the 31st day of an approved absence from active duty with an employer; or

(c) the date the member ceases to be employed because of a reduction of the number of firefighters in the fire department as provided in 7-33-4125.

(5) A member with at least ~~10~~ 5 years of membership service who terminates service and does not take a refund of accumulated contributions is an inactive vested member and retains the right to purchase service and to receive a retirement benefit under the provisions of this chapter.

(6) A member with less than ~~10~~ 5 years of membership service who terminates service and leaves the member's accumulated contributions in the pension trust fund is an inactive nonvested member and is not eligible for any benefits from the retirement system. An inactive nonvested member is eligible only for a refund of the member's accumulated contributions."

Section 3. Section 19-13-601, MCA, is amended to read:

"19-13-601. Deduction remitted to firemen's association -- member's contribution. (1) Each employer shall retain from the compensation of each active member a sum equal to 1% of the member's compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana state firemen's association for the payment of premiums on a group life and accidental death and dismemberment insurance policy for members and to defray expenses incurred by the association when representing members of the retirement system.

(2) The member's contribution to the retirement system is ~~7.8%~~ 9.5% of the member's compensation.

(3) If a member receives compensation under the provisions of the Workers' Compensation Act, Title 39, chapter 71, the amount received must be included as part of the member's compensation for purposes of determining contributions and service credits under the retirement system. Contributions made under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the member from the employer and from workers' compensation during the period of disability.

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the member under subsection (2) for service rendered after June 30, 1987.

(5) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the retirement system. These contributions must become part of the member's accumulated contributions but

must be accounted for separately from those previously accumulated.

(6) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's compensation as defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board."

Section 4. Section 19-13-604, MCA, is amended to read:

"19-13-604. State contribution. The state shall make its contributions through the state auditor from the premium taxes on the insurance risks enumerated in 19-18-512. These payments must be made annually to the pension trust fund after the end of each fiscal year but no later than November 1 from the gross premium taxes after deduction for cancellations and returned premiums. The division shall notify the auditor of the annual compensation, excluding overtime, holiday payments, shift differential payments, compensatory time payments, and payments in lieu of sick leave, paid to all active members during the preceding year. The state's contribution is ~~24.21%~~ 32.24% of this total compensation. As soon as practicable after receipt of the state contribution, the division shall deposit it in the pension trust fund."

Section 5. Section 19-13-701, MCA, is amended to read:

"19-13-701. Eligibility for service retirement -- commencement of benefit. (1) A member who has completed 20 years or more of membership service is eligible for service retirement commencing on the first day of the month following the member's last day of service.

(2) A vested member who terminates service before the minimum retirement date and keeps the member's accumulated contributions on deposit is eligible for service retirement commencing on the member's minimum retirement date.

(3) A vested inactive member may file a written application with the board requesting that the member's retirement benefit commence on the first day of the month following receipt of the application. However, the retirement benefit for an inactive vested member must commence no ~~later~~ earlier than the first day of the month following the member's ~~55th~~ 50th birthday."

Section 6. Section 19-13-704, MCA, is amended to read:

"19-13-704. Amount of service retirement benefit. (1) ~~(a) A member hired before July 1, 1981, who elects to retire after having reached 20 years of membership service must receive a service retirement benefit equal to the sum of:~~

~~(i) 50% of the member's last monthly compensation for years of service credit up to and including 20 years; and~~

~~(ii) 2% of the member's last monthly compensation for each year of service credit after 20 years.~~

~~(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years but less than 20 years of membership service as an active member must receive a service retirement benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104.~~

~~(2) A~~ Except as provided in subsection (2), a member ~~hired on or after July 1, 1981,~~ who retires with at least ~~10~~ 5 years of membership service must receive a service retirement benefit equal to ~~2%~~ 2.5% of the member's final average compensation for each year of service credit.

(2) (a) A member initially hired before July 1, 1981, who retires with less than 20 years of service must receive a service retirement benefit equal to 2% of the member's final monthly compensation for each year of service or the benefit provided under subsection (1) whichever is greater.

(b) A member initially hired before July 1, 1981, who retires with 20 years of service or more must receive a service retirement benefit equal to 50% of the member's final monthly compensation plus 2% of the member's final monthly compensation for each year of service over 20 years or the benefit provided in subsection (1) whichever is greater."

Section 7. Section 19-13-803, MCA, is amended to read:

"19-13-803. Amount of disability retirement benefit. (1) A member ~~hired before July 1, 1981,~~ who becomes disabled:

(a) before completing 20 years of membership service must receive a disability retirement benefit equal to one-half the member's ~~last monthly~~ final average compensation;

(b) after completing 20 years or more of membership service must receive ~~the~~ a disability retirement benefit ~~provided in subsection (1)(a) increased at a rate of 2%~~ equal to 2.5% of the member's ~~last monthly~~ final average compensation for each year of service credit ~~in excess of 20~~.

(2) ~~A member hired on or after July 1, 1981, who becomes disabled:~~

~~(a) before completing 25 years of membership service must receive a disability retirement benefit equal to one-half the member's last monthly compensation;~~

~~(b) after completing 25 years or more of membership service must receive the disability retirement benefit provided in subsection (2)(a) increased at a rate of 2% of the member's last monthly compensation for each year of service credit in excess of 25.~~

~~(3)~~ A member's disability retirement benefit must be paid first to the member during the member's lifetime and, upon the member's death, to the member's surviving spouse. If upon a member's death the member leaves no surviving spouse or upon the death of the surviving spouse, the member's benefit must be paid to the member's dependent children as long as they remain dependent children as defined in 19-13-104."

Section 8. Section 19-13-902, MCA, is amended to read:

"19-13-902. Survivorship benefit. (1) ~~(a)~~ Upon the death before retirement of an active member ~~hired before July 1, 1981,~~ the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half the ~~last monthly~~ final average compensation received by the member. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104.

~~(b)~~(2) If the deceased member completed over 20 years of membership service, the survivorship benefit ~~provided in subsection (1)(a) must be increased at a rate of 2%~~ must be equal to 2.5% of the ~~last monthly~~ final average compensation for each year ~~in excess of 20~~ of service.

~~(2) Upon the death before retirement of a member hired on or after July 1, 1981, the member's surviving spouse, if there is one, must receive a survivorship benefit equal to one-half of the member's final average compensation. If the member leaves one or more dependent children, then, upon the member's death if the member leaves no surviving spouse or upon the death of the surviving spouse, the member's dependent children must collectively receive the same benefit that a surviving spouse would have received, as long as the children remain dependent children as defined in 19-13-104.~~"

Section 9. Section 19-13-1007, MCA, is amended to read:

"19-13-1007. Benefit adjustment. (1) For a retired member ~~retiring on or after July 1, 1973, who was hired before July 1, 1981,~~ or the member's surviving spouse or dependent children, the service retirement benefit provided in 19-13-704~~(1)(a)~~, the disability retirement benefit provided in 19-13-803~~(1)~~, and the survivorship benefit provided in 19-13-902~~(1)~~ may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of that city.

(2) ~~For a member hired on or after July 1, 1981, or the member's surviving spouse or dependent children, the disability retirement benefit provided in 19-13-803(2) and the survivorship benefit provided in 19-13-902(2) may not be less than one-half the monthly compensation paid to a newly confirmed, active firefighter of a city that last employed the member as a firefighter, as provided each year in the budget of that city.~~

~~(3)~~ If after a member retires, the city that last employed the member no longer employs a full-paid firefighter, the member's or survivor's benefit under subsections (1) and (2) must be adjusted on the basis of the average monthly compensation paid to all newly confirmed full-paid firefighters, as provided each year in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter.

~~(4)~~(3) If the employment of a vested member hired before July 1, 1981, is involuntarily discontinued because of the termination of employment of all full-paid firefighters in the city that employed the member, the member's service retirement benefit provided in 19-13-704(1)(b) and the member's spouse's or dependent child's survivorship benefit provided in 19-13-902(1) may not be less than:

(a) if the member has earned 20 years or more of membership service, one-half the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter; or

(b) if the member has earned more than 10 but less than 20 years of membership service, ~~2%~~ 2.5% of the average monthly compensation paid to all newly confirmed, full-paid firefighters, as provided each year in the budgets of those cities that participate in the retirement system and employ a full-paid firefighter, for each year of the member's service."

Section 10. Section 19-18-606, MCA, is amended to read:

"19-18-606. Supplement to certain pensions. (1) In addition to the taxes on premiums required by law to be paid by each insurer doing business in this state that is authorized to effect insurance on risks enumerated in 19-18-512, there is a tax of 1 1/2% on the fire portion of the direct premiums received during the calendar year of 1989 and each succeeding year, with allowance for cancellations and returned premiums. The insurance commissioner shall collect the tax during March of each year and deposit the moneys in the state special revenue fund. The proceeds of ~~such~~ the tax are statutorily appropriated, as provided in 17-7-502, to the auditor, who shall pay claims as provided in subsection (2) ~~of this section and 19-13-1006~~. If sufficient cash remains in the fund each year after the payment of claims as provided in subsection (2) of this section ~~and 19-13-1006~~, the state auditor shall deposit any excess amount in the ~~account provided for in 19-13-615~~ general fund.

(2) ~~Effective January 1, 1976, each~~ Each association shall pay to the firefighters retired before July 1, 1973, or their surviving spouses and children a monthly pension of not less than one-half the regular monthly salary paid to a confirmed active firefighter of that city, as provided each year in the budget of that city. In the case of volunteer firefighters, the pension may not exceed $75 per month. Distribution of the funds provided for this purpose under subsection (1) ~~shall~~ must be made as follows:

(a) At the beginning of each fiscal year the treasurer of each association shall request and the state auditor shall issue from the state special revenue fund and deliver to the treasurer of the respective city or town an amount certified to be equal to the total annual dollar difference between what the retirees or their surviving spouses and children received from the fund and one-half of the salary paid by the respective city or town to a confirmed active firefighter for the fiscal year just preceding. The state auditor shall, at the same time, report to the treasurer of the appropriate association the amount of any payment delivered to the board of investments.

(b) The treasurer of a city or town receiving funds shall immediately disburse them to the treasurer of the respective association.

(c) The treasurer of the association shall utilize these funds to increase the monthly pension of retirees or their surviving spouses and children to an amount equal to one-half of the salary that was paid to a confirmed active firefighter in the city or town for the preceding year."

NEW SECTION. **Section 11. Repealer.** Sections 19-13-615, 19-13-1006, and 19-13-1009, MCA, are repealed.

NEW SECTION. **Section 12. Effective date.** [This act] is effective July 1, 1997.

-END-

4/25 TRANSMITTED TO GOVERNOR
5/05 SIGNED BY GOVERNOR
CHAPTER NUMBER 536
EFFECTIVE DATE: 10/01/97

HB 427 INTRODUCED BY RANEY, ET AL. *LC0440 DRAFTER: MITCHELL*

REVISE THE POLICY PURPOSE OF THE MONTANA RESOURCE INDEMNITY TRUST AND GROUND WATER ASSESSMENT ACT

2/03 INTRODUCED
2/03 FIRST READING
2/03 REFERRED TO NATURAL RESOURCES
2/03 FISCAL NOTE REQUESTED
2/10 HEARING
2/10 FISCAL NOTE RECEIVED
2/10 FISCAL NOTE PRINTED
2/14 TABLED IN COMMITTEE
4/05 MISSED DEADLINE FOR 71ST DAY TRANSMITTAL
DIED IN COMMITTEE

HB 428 INTRODUCED BY KRENZLER, ET AL. *LC1295 DRAFTER: BOHYER*

CLARIFY CERTAIN RIGHTS AND RESPONSIBILITIES OF LANDLORDS AND TENANTS

2/03 INTRODUCED
2/03 FIRST READING
2/03 REFERRED TO BUSINESS & LABOR
2/10 HEARING
2/11 TABLED IN COMMITTEE
2/27 MISSED DEADLINE FOR 45TH DAY TRANSMITTAL
DIED IN COMMITTEE

HB 429 INTRODUCED BY WELLS, ET AL. *LC1149 DRAFTER: MACMASTER*

EXPAND THE EXCEPTIONS TO THE OFFENSE OF CARRYING A CONCEALED WEAPON

2/03 INTRODUCED
2/03 FIRST READING
2/03 REFERRED TO JUDICIARY
2/03 FISCAL NOTE REQUESTED
2/07 FISCAL NOTE RECEIVED
2/08 FISCAL NOTE PRINTED
2/14 HEARING
2/19 COMMITTEE REPORT—BILL PASSED AS AMENDED
2/21 2ND READING PASSED AS AMENDED 73 23
2/26 3RD READING PASSED 76 24

TRANSMITTED TO SENATE
3/03 FIRST READING
3/03 REFERRED TO JUDICIARY
3/21 HEARING
3/21 TABLED IN COMMITTEE
DIED IN COMMITTEE

HB 430 INTRODUCED BY SIMON, ET AL. *LC0889 DRAFTER: HEFFELFINGER*

INCREASE THE SERVICE RETIREMENT BENEFIT FOR CERTAIN MEMBERS OF THE FIREFIGHTERS' UNIFIED RETIREMENT SYSTEM TO 2.5 PERCENT OF FINAL AVERAGE COMPENSATION FOR EACH YEAR OF SERVICE

2/03 INTRODUCED

2/03	FIRST READING		
2/03	REFERRED TO STATE ADMINISTRATION		
2/03	FISCAL NOTE REQUESTED		
2/07	FISCAL NOTE RECEIVED		
2/10	FISCAL NOTE PRINTED		
2/12	HEARING		
2/15	COMMITTEE REPORT—BILL PASSED		
2/21	2ND READING PASSED	81	17
2/24	REVISED FISCAL NOTE REQUESTED		
2/26	3RD READING PASSED	81	19
	TRANSMITTED TO SENATE		
3/03	FIRST READING		
3/03	REFERRED TO STATE ADMINISTRATION		
3/20	HEARING		
3/26	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
4/04	2ND READING CONCURRED	49	0
4/05	3RD READING CONCURRED	48	2
	RETURNED TO HOUSE WITH AMENDMENTS		
4/11	2ND READING AMENDMENTS CONCURRED	84	13
4/12	3RD READING CONCURRED AS AMENDED	74	19
4/20	SIGNED BY SPEAKER		
4/21	SIGNED BY PRESIDENT		
4/24	TRANSMITTED TO GOVERNOR		
4/30	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 457		
	EFFECTIVE DATE: 07/01/97		

HB 431 INTRODUCED BY QUILICI, ET AL. *LC0453 DRAFTER: MALY*

PROHIBIT THE UNAUTHORIZED CHANGING OF A CUSTOMER'S TELECOMMUNICATIONS SERVICES PROVIDER

2/03	INTRODUCED		
2/03	FIRST READING		
2/03	REFERRED TO BUSINESS & LABOR		
2/05	FISCAL NOTE REQUESTED		
2/10	FISCAL NOTE RECEIVED		
2/10	FISCAL NOTE PRINTED		
2/11	HEARING		
2/12	COMMITTEE REPORT—BILL PASSED AS AMENDED		
2/15	2ND READING PASSED	99	0
2/18	3RD READING PASSED	98	0
	TRANSMITTED TO SENATE		
2/19	FIRST READING		
2/19	REFERRED TO BUSINESS & INDUSTRY		
3/14	HEARING		
3/21	COMMITTEE REPORT—BILL CONCURRED AS AMENDED		
3/26	2ND READING CONCURRED	50	0
3/27	3RD READING CONCURRED	50	0
	RETURNED TO HOUSE WITH AMENDMENTS		
4/11	2ND READING AMENDMENTS CONCURRED	97	0
4/12	3RD READING CONCURRED AS AMENDED	96	0
4/15	SIGNED BY SPEAKER		
4/15	SIGNED BY PRESIDENT		
4/17	TRANSMITTED TO GOVERNOR		
4/21	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 325		
	EFFECTIVE DATE: 04/21/97		

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0430, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:
The bill increases service retirement benefits for certain members of the Firefighters' Unified Retirement System (FURS) to 2.5% of final average salary per year of service, reduces disability benefits, reduces vesting period to five years, increases employee and state (insurance premium tax fund) contributions to pay for the benefit increases, actuarially funds all supplemental benefits, and deposits certain insurance premium taxes to the general fund instead of the FURS trust fund.

ASSUMPTIONS:
1. The total actuarial cost of funding the benefit increase in FURS is additional contributions equal to 9.73% of total FURS payroll. This amount will be split between the insurance premium tax fund (8.03% of payroll) and active FURS members (1.7% of compensation).
2. The total FURS covered payroll for fiscal year 1996 was $13,782,660. It is estimated that covered payrolls will increase by 5.3% per year.
3. A portion of the payments from the insurance premium tax fund will no longer be paid directly into the FURS pension trust fund but will be deposited to the state general fund.
4. Contribution increases to the FURS trust fund from the insurance premium tax fund directly reduce state general fund revenues by like amounts.

FISCAL IMPACT:

Expenditures:	FY98 Difference	FY99 Difference
Contributions to FURS trust fund:		
Insurance Premium Tax Fund (02)	69,232	76,376
Revenues:		
General fund (01) (from insurance premium tax)	(69,232)	(76,376)
Net Impact on Fund Balance: (Revenue minus expense)		
General fund (01)	**(69,232)**	**(76,376)**

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:
The contributions from the insurance premium tax fund and corresponding reduction in deposits to the general fund will increase at approximately 5.3% per year. Since increased retirement benefits will be taxable, there will be an increase in income tax revenues deposited to the general fund.

TECHNICAL NOTES:
This bill will need to be coordinated with other legislation impacting this retirement systems (for example: HB 170, HB 324, HB 173, and LC 939).

Dave Lewis 2-7-97

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

BRUCE SIMON, PRIMARY SPONSOR DATE

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN MATT DENNY**, on February 12, 1997, at 9:00 a.m., in room 420.

ROLL CALL

Members Present:

Rep. Matt Denny, Chairman (R)
Rep. Matt Brainard, Vice Chairman (Majority) (R)
Rep. Antoinette R. Hagener, Vice Chairman (Minority) (D)
Rep. Darrel Adams (R)
Rep. Haley Beaudry (R)
Rep. Tim Dowell (D)
Rep. Harriet Hayne (R)
Rep. George Heavy Runner (D)
Rep. Sam Kitzenberg (R)
Rep. Norm Mills (R)
Rep. Doug Mood (R)
Rep. William Rehbein, Jr. (R)
Rep. Trudi Schmidt (D)
Rep. Dorothy C. Simpson (D)
Rep. Allan Walters (R)
Rep. Bill Whitehead (D)

Members Excused: None.

Members Absent: None.

Staff Present: Sheri Heffelfinger, Legislative Services Division
Keri Burkhardt, Committee Secretary

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 430; (1/5/97), HJR 16, HJR 17, (2/7/97), HB 501; (2/9/97), HB 460; (2/6/97)
Executive Action: HJR 16 and HJR 17.

HEARING ON HB 430

Opening Statement by Sponsor: REP. BRUCE SIMON, H.D. 18.
{Tape: 1; Side: a; Approx. Time Count: .1; Comments: Tape began half way through the opening.}

Proponents' Testimony:
Pat Clinch, Montana Association of Professional Firefighters.
EXHIBIT 1.
{Tape: 1; Side: a; Approx. Time Count: .6; Comments: None.}

Linda King, Public Employees Retirement Board, Department of Administration.
{Tape: 1; Side: a; Approx. Time Count: 2.5; Comments: None.}

Questions From Committee Members and Responses:
{Tape: 1; Side: a; Approx. Time Count: 4; Comments: None.}

Closing by Sponsor: REP. SIMON closes.
{Tape: 1; Side: a; Approx. Time Count: 13; Comments: None.}

HEARING ON HJR 16

Opening Statement by Sponsor: REP. BOB PAVLOVICH, H.D. 37.
{Tape: 1; Side: a; Approx. Time Count: 14.4; Comments: None.}

Proponents' Testimony:
Colonel Ray Read, Montana Army National Guard.
EXHIBIT 2,3,4.
{Tape: 1; Side: a; Approx. Time Count: 15; Comments: None.}

Roger Hagan, Officer and Enlisted Association of the National Guard of Montana.
{Tape: 1; Side: a; Approx. Time Count: 21.9; Comments: None.}

Rep. Norm Mills requested to be listed as a proponent.

Closing by Sponsor: REP. PAVLOVICH closes.
{Tape: 1; Side: a; Approx. Time Count: 23; Comments: None.}

HEARING ON HJR 17

Opening Statement by Sponsor: REP. BOB PAVLOVICH, H.D. 37.
EXHIBIT 5.
{Tape: 1; Side: a; Approx. Time Count: 23.8; Comments: None.}

Proponents' Testimony:
CMSGT Roger K. Larsen, Montana Air National Guard.
EXHIBIT 6
{Tape: 1; Side: a; Approx. Time Count: 25.2; Comments: None.}

Colonel Ray Read, Montana Army National Guard.
EXHIBIT 7.
{Tape: 1; Side: a; Approx. Time Count: 27.3; Comments: None.}

EXHIBIT 1
DATE 2-12-97
HB 430

HB 430

HB 430 DOES THE FOLLOWING:

RAISES THE RATE OF PENSION BENEFIT LEVELS FOR ALL MEMBERS TO 2.5% FOR EACH YEAR OF SERVICE, THIS EQUALIZES THE BENEFIT FOR ALL MEMBERS.

CHANGES THE PENSION CALCULATION TO FINAL AVERAGE SALARY FROM FINAL MONTHLY COMPENSATION FOR ALL BENEFITS; SERVICE, DISABILITY, AND SURVIVORS.

RAISES THE RATE PAID BY CURRENT MEMBERS, FROM 7.8% TO 9.5%.

ACTUARIALLY FUNDS THE MINIMUM RETIREMENT ADJUSTMENT FOR PRE-1973 RETIREES AND POST 1981 HIRES.

SWITCHES THE STATE FUNDING FROM PAYMENTS FROM THE STATE AUDITOR, OUT OF THE ALL RISK ENUMERATED TAX, ON A PAY AS YOU GO BASIS TO AN ACTUARIALLY FUNDED RATE OUT OF THE GENERAL FUND. THIS WILL EVENTUALLY SAVE THE STATE MONEY BY GENERATING INTEREST FOR THE SYSTEM AND PUTTING MORE MONEY INTO THE GENERAL FUND.

PRE-1981 HIRES WILL NOT LOSE BENEFITS, AS THEIR BENEFITS WILL BE CALCULATED IN TWO WAYS, AND THEY WILL RECEIVE THE GREATER OF THE FOLLOWING:

1. 2.5% FOR EACH YEAR OF SERVICE X FINAL AVERAGE SALARY OR

2. 50% OF FINAL MONTHLY COMPENSATION PLUS 2% FOR EACH ADDITIONAL YEAR OF SERVICE.

THESE CHANGES WILL BRING THE BENEFITS IN FURS TO THE SAME LEVEL AS THE BENEFITS IN THE MUNICIPAL POLICE OFFICERS RETIREMENT SYSTEM.

2-12-97

ROLL CALL

NAME	PRESENT	ABSENT	EXCUSED
Rep. Matt Brainard	X		
Rep. Harriet Hayne	X		
Rep. Darrel Adams	X		
Rep. Haley Beaudry	X		
Rep. William Rehbein, Jr.	X		
Rep. Sam Kitzenberg	X		
Rep. Allan Walters	X		
Rep. Norm Mills	X		
Rep. Tim Dowell	X		
Rep. Doug Mood	X		
Rep. Trudi Schmidt	X		
Rep. Bill Whitehead	X		
Rep. George Heavy Runner	X		
Rep. Dorothy C. Simpson			
Rep. Antoinette R. Hagener	X		
Rep. Matt Denny	X		

VISITOR REGISTER

HOUSE STATE ADMINISTRATION COMMITTEE

DATE: _____

BILL NO: HB 430 **SPONSOR:** Rep. Simon

NAME AND ADDRESS (PLEASE PRINT)	REPRESENTING	TYPE OF WITNESS		
		Informational	Support	Oppose
Pat Climen - Helena	MT State Council Professional Firefighters		✓	
RAY BERRYMA - BUTTE	LOCAL #96 IAFF BUTTE FIREFIGHTERS		X	
LINDA KING	PUB. EMPL. RET. BD		✓	

Please leave prepared testimony with secretary.
Witness statement forms are available if you care to submit written testimony.

Motion/Vote: REP. BRAINARD MOVED TO AMEND. REP. HAGENER CALLED THE QUESTION. Motion carried 14-0.
{Tape: 3; Side: a; Approx. Time Count: 28.4; Comments: None.}

Motion/Vote: REP. HAGENER MOVED DO PASS AS AMENDED/ motion carried 12-2. Rep. Mills and Rep. Rehbein voted no.
{Tape: 3; Side: a; Approx. Time Count: 28.9; Comments: None.}

EXECUTIVE ACTION ON HB 505

Amendments: hb44001.ash

Motion: REP. SIMPSON MOVED DO PASS.
{Tape: 3; Side: a; Approx. Time Count: 29.2; Comments: None.}

Vote: REP. BRAINARD CALLED THE QUESTION. Motion carried 12-2. Rep. Mills and Rep. Rehbein vote no.
{Tape: 3; Side: a; Approx. Time Count: 29.9; Comments: None.}

EXECUTIVE ACTION ON HB 430

Motion: REP. SIMPSON MOVED DO PASS.
{Tape: 3; Side: a; Approx. Time Count: 30.5; Comments: None.}

Vote: REP. SIMPSON CALLED THE QUESTION. Motion carried 9-5. Rep. Adams, Rep. Brainard, Rep. Mills, Rep. Rehbein, and Rep. Walters vote no.
{Tape: 3; Side: a; Approx. Time Count: 35.5; Comments: None.}

HOUSE STANDING COMMITTEE REPORT

February 14, 1997

Mr. Speaker: We, the committee on **State Administration** report that **House Bill 430** (first reading copy -- white) **do pass**.

Signed: Matt Denny
Matt Denny, Chair

Committee Vote:
Yes 9, No 5.

2/14

351350SC.Hgd

HB 430

ROLL CALL VOTE

NAME	FAVORED	OPPOSED	ABSENT
Rep. Matt Brainard		X	
Rep. Harriet Hayne			
Rep. Darrel Adams		X	
Rep. Haley Beaudry			
Rep. William Rehbein, Jr.		X	
Rep. Sam Kitzenberg	X		
Rep. Allan Walters		X	
Rep. Norm Mills		X	
Rep. Tim Dowell	X		
Rep. Doug Mood	X		
Rep. Trudi Schmidt	X		
Rep. Bill Whitehead	X		
Rep. George Heavy Runner	X		
Rep. Dorothy C. Simpson	X		
Rep. Antoinette R. Hagener	X		
Rep. Matt Denny	X		

9-5

2-14-97

ROLL CALL

NAME	PRESENT	ABSENT	EXCUSED
Rep. Matt Brainard	X		
Rep. Harriet Hayne	X		
Rep. Darrel Adams	X		X
Rep. Haley Beaudry	X		
Rep. William Rehbein, Jr.	X		
Rep. Sam Kitzenberg	X		
Rep. Allan Walters			X
Rep. Norm Mills	X		
Rep. Tim Dowell	X		
Rep. Doug Mood	X		
Rep. Trudi Schmidt	X		
Rep. Bill Whitehead	X		
Rep. George Heavy Runner	X		
Rep. Dorothy C. Simpson	X		
Rep. Antoinette R. Hagener	X		
Rep. Matt Denny	X		

present
15

MINUTES

MONTANA SENATE
55th LEGISLATURE - REGULAR SESSION

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN DON HARGROVE**, on March 20, 1997, at 10:00 a.m., in Room 331.

ROLL CALL

Members Present:
Sen. Kenneth "Ken" Mesaros, Vice Chairman (R)
Sen. Delwyn Gage (R)
Sen. Fred Thomas (R)
Sen. Bill Wilson (D)

Members Excused:
Sen. Don Hargrove, Chairman (R)
Sen. Vivian M. Brooke (D)

Members Absent: None

Staff Present: David Niss, Legislative Services Division
Mary Morris, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing(s) & Date(s) Posted: HB 430, 3/11/97;
HB 569, 3/11/97
HB 173, 3/11/97
Executive Action: None

HEARING ON HB 430

Sponsor: **REP. BRUCE SIMON, HD 18, BILLINGS**

Proponents: **Pat Clinch, Montana State Council of Professional Firefighters, the Montana State Firemen's Association**
Linda King, Public Employees' Retirement Board

Opponents: **None**

Opening Statement by Sponsor:

REP. BRUCE SIMON, HD 18, BILLINGS, introduced HB 430 which deals with firefighter retirement. This bill will help the emergency

personnel in that it will get them on the same playing field. Most of this increase will be paid for by the firefighters themselves. This bill will not have an impact on the General Fund.

Proponents' Testimony:

Pat Clinch, Montana State Council of Professional Firefighters and the Montana State Fireman's Association, stated that the primary reason for the bill is an equity issue. House Bill 430 is the last step in neutralizing the benefits in the Firefighters Unified Retirement System. Members hired after July 1, 1981, have a dramatically lower level of benefits. They currently pay the same contribution rate, do the same job and share the dangers of that job. The service retirement would be based on 2.5 percent of salary for each year of service times a final average compensation. This would afford the firefighters the same benefits as the other hazardous duty retirement systems. The cost of this bill will be handled by the firefighters by increasing their contribution rate from 7.8 to 9.5 percent of salary. The employer's rate will not be changed and the state could actually realize some increase in General Fund revenues by actuarially funding minimum retirement investments. Currently these increases are paid yearly from the fire portion of the all risk enumerated tax and are not actuarially funded.

Linda King, Public Employees' Retirement Board, remarked that the Board supports the firefighters' efforts to equalize the benefits in their system. If you retired at 20 years of service and the person that came a couple months after you retired, there could be a $500 a month difference in benefits. The fiscal note originally showed an impact of $69,000 to the General Fund the first year and $76,000 the second year (**EXHIBIT 1**). The tax revenue growth since its inception has been 5.8 percent per year, but for the past five years it has only been 5.15 percent. If you take the lower rate, the first year of the biennium this bill would increase revenues by $828.00 and in the second year decrease them by an estimated $978.00. It is a wash.

Opponents' Testimony: None

Questions From Committee Members and Responses: None

Closing by Sponsor:

REP. SIMON closed on HB 430. This bill is a matter of fairness. It has no impact on the General Fund. This bill was looked at by an interim committee that looked at various retirements and they voted in favor of this legislation.

SENATE STATE ADMIN.
EXHIBIT NO. 1
DATE 3-20-97
BILL NO. HB430

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0430, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:
The bill increases service retirement benefits for certain members of the Firefighters' Unified Retirement System (FURS) to 2.5% of final average salary per year of service, reduces disability benefits, reduces vesting period to five years, increases employee and state (insurance premium tax fund) contributions to pay for the benefit increases, actuarially funds all supplemental benefits, and deposits certain insurance premium taxes to the general fund instead of the FURS trust fund.

ASSUMPTIONS:
1. The total actuarial cost of funding the benefit increase in FURS is additional contributions equal to 9.73% of total FURS payroll. This amount will be split between the insurance premium tax fund (8.03% of payroll) and active FURS members (1.7% of compensation).
2. The total FURS covered payroll for fiscal year 1996 was $13,782,660. It is estimated that covered payrolls will increase by 5.3% per year.
3. A portion of the payments from the insurance premium tax fund will no longer be paid directly into the FURS pension trust fund but will be deposited to the state general fund.
4. Contribution increases to the FURS trust fund from the insurance premium tax fund directly reduce state general fund revenues by like amounts.

FISCAL IMPACT:

Expenditures:	FY98 Difference	FY99 Difference
Contributions to FURS trust fund:		
Insurance Premium Tax Fund (02)	69,232	76,376
Revenues:		
General fund (01) (from insurance premium tax)	(69,232)	(76,376)
Net Impact on Fund Balance: (Revenue minus expense)		
General fund (01)	(69,232)	(76,376)

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:
The contributions from the insurance premium tax fund and corresponding reduction in deposits to the general fund will increase at approximately 5.3% per year. Since increased retirement benefits will be taxable, there will be an increase in income tax revenues deposited to the general fund.

TECHNICAL NOTES:
This bill will need to be coordinated with other legislation impacting this retirement systems (for example: HB 170, HB 324, HB 173, and LC 939).

DAVE LEWIS, BUDGET DIRECTOR DATE
Office of Budget and Program Planning

BRUCE SIMON, PRIMARY SPONSOR DATE

Fiscal Note for HB0430, as introduced

HB 430 -- Projected General Fund (Costs) or Savings							
Since its inception, taxes revenues which funded the supplemental benefits have increased at an average of 5.8% per year. Over the past 5 years, the rate has been only 5.15%							
ASSUMING 1.5% TAX REVENUES INCREASE AT 5.15%/Yr							
	FY 98	FY 99	FY 2000	FY 2001	FY 2002	FY 2003	
Projected Payroll	$15,282,337	$16,092,301	$16,945,193	$17,843,289	$18,788,983	$19,784,799	$26,971,299
Present Law Tax Premium Fund Expenditures							
% of Salary (24.21%)	$3,699,854	$3,895,946	$4,102,431	$4,319,860	$4,548,813	$4,789,900	$6,529,752
Supplemental Payments	1,228,000	1,291,242	1,357,741	1,427,665	1,501,189	1,578,501	2,133,538
Total	$4,927,854	$5,187,188	$5,460,172	$5,747,525	$6,050,002	$6,368,400	$8,663,290
Proposed Law Tax Premium Fund Expenditures			(AS PER HB 430)				
% of Salary (32.24%)	$4,927,026	$5,188,158	$5,463,130	$5,752,676	$6,057,568	$6,378,619	$8,695,547
Supplemental Payments	0	0	0	0	0	0	0
Total	$4,927,026	$5,188,158	$5,463,130	$5,752,676	$6,057,568	$6,378,619	$8,695,547
GF Increase/(Decrease)	**$828**	**($970)**	**($2,958)**	**($5,151)**	**($7,566)**	**($10,219)**	($32,257)
ASSUMING 1.5% TAX REVENUES INCREASE AT 5.5%/Yr							
Projected Payroll	$15,282,337	$16,092,301	$16,945,193	$17,843,289	$18,788,983	$19,784,799	$26,971,299
Present Law Tax Premium Fund Expenditures							
% of Salary (24.21%)	$3,699,854	$3,895,946	$4,102,431	$4,319,860	$4,548,813	$4,789,900	$6,529,752
Supplemental Payments	1,228,000	1,295,540	1,366,795	1,441,968	1,521,277	1,604,947	2,212,969
Total	$4,927,854	$5,191,486	$5,469,226	$5,761,829	$6,070,089	$6,394,847	$8,742,721
		5.50%					
Proposed Law Tax Premium Fund Expenditures			(AS PER HB 430)				
% of Salary (32.24%)	$4,927,026	$5,188,158	$5,463,130	$5,752,676	$6,057,568	$6,378,619	$8,695,547
Supplemental Payments	0	0	0	0	0	0	0
Total	$4,927,026	$5,188,158	$5,463,130	$5,752,676	$6,057,568	$6,378,619	$8,695,547
GF Increase/(Decrease)	**$828**	**$3,328**	**$6,096**	**$9,152**	**$12,521**	**$16,228**	**$47,174**

MONTANA SENATE
1997 LEGISLATURE
STATE ADMINISTRATION COMMITTEE

ROLL CALL DATE 3-20-97

NAME	PRESENT	ABSENT	EXCUSED
VIVIAN BROOKE			✓
DEL GAGE	✓		
FRED THOMAS	✓		
BILL WILSON	✓		
KEN MESAROS, VICE CHAIRMAN	✓		
DON HARGROVE, CHAIRMAN			✓

DATE 3-20-97

SENATE COMMITTEE ON State Administration

BILLS BEING HEARD TODAY: HB173, HB430, HB569

< ■ > PLEASE PRINT < ■ >

Name	Representing	Bill No.	Check One: Support	Oppose
LINDA KING	PUBLIC EMPLOYEES RETIREMENT BOARD	HB173 430	✓	
Pat Clinch	MT State Fire Fighters Council	HB 173 HB 430	✓	

VISITOR REGISTER

PLEASE LEAVE PREPARED STATEMENT WITH COMMITTEE SECRETARY

REGISTER.F10

Discussion:

SEN. BROOKE asked if HB 170 involved the university security people. **CHAIRMAN HARGROVE** said it did not. **SEN. MESAROS** said he thought they had made significant progress since they heard it two years ago when everyone would like to have supported it but it was very expensive. Now, he felt the committee could support HB 170 due to the tremendous amount of work done on it.

CHAIRMAN HARGROVE agreed with **SEN. MESAROS**, and said he supported it last time but it had larger impact financially. He said it was important for the future and would save the state a lot of money.

Vote: The motion that **HB 170 BE CONCURRED CARRIED UNANIMOUSLY. SEN. TOM BECK** would carry the bill on the Senate floor.

EXECUTIVE ACTION ON HB 430

Amendments: HB04301.ash (**EXHIBIT 2**)

Discussion:

Mr. Niss said there were two MCA sections being amended in more than one bill. He said the amendment he handed out coordinates the provisions of HB 430 with HB 170, and the coordination language was done by **Sheri Heffelfinger.**

Sheri Heffelfinger explained the amendment.

Linda King said there would not be a different fiscal note on the bill.

Motion/Vote: **SEN. BROOKE** moved that **HB04301.ash BE ADOPTED.** The motion **CARRIED UNANIMOUSLY.**

Motion/Vote: **SEN. BROOKE** moved that **HB 430 BE CONCURRED IN AS AMENDED.** The motion **CARRIED UNANIMOUSLY. SEN. JOHN HERTEL** would carry the bill on the Senate floor.

{Tape: 1; Side: A; Approx. Time: 9:49 a.m.; Comments: End of Tape 1, Side A.}

COMMITTEE DISCUSSION - HB 173

Sheri Heffelfinger explained amendment **HB017304.ash** (**EXHIBIT 3**). She said the coordinating instructions were long because there were three bills which needed to be coordinated in HB 173. The bills were HB 505, HB 170, & HB 173. Ms. Heffelfinger directed the committee to sub section (a) which dealt with HB 170 and HB

SENATE STATE ADMIN.
EXHIBIT NO. 2
DATE 3-25-97
BILL NO. HB430

Amendments to House Bill No. 430
Third Reading Copy

Requested by Sen. Hargrove
For the Committee on Senate State Administration

Prepared by Sheri Heffelfinger
March 24, 1997

1. Page 8, line 8.
Strike: "(1)(b)"

2. Page 9.
Following: line 18
Insert:

"NEW SECTION. **Section 12. Coordination instructions.** (1) If House Bill No. 170 is passed and approved and if it amends 19-13-601, and if [this act] is passed and approved and if it amends 19-13-601, then [section 29 of House Bill No. 170], amending 19-13-601, is void and [section 3 of this act], amending 19-13-601, shall read:

"Section 3. Section 19-13-601, MCA, is amended to read:

"19-13-601. Deduction remitted to firemen's association -- member's contribution. (1) Each employer shall retain from the compensation of each active member a sum equal to 1% of the member's compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana state firemen's association for the payment of premiums on a group life and accidental death and dismemberment insurance policy for members and to defray expenses incurred by the association when representing members of the retirement system.

(2) ~~The~~ Each member's contribution to the retirement system ~~is 7.8%~~ as a percentage of the member's compensation must be:

(a) 9.5% for a member not covered under [section 3 of House Bill No. 170]; or

(b) 10.7% for a member covered under [section 3 of House Bill No. 170].

(3) If a member receives compensation under the provisions of the Workers' Compensation Act, Title 39, chapter 71, the amount received must be included as part of the member's compensation for purposes of determining contributions and service credits under the retirement system. Contributions made under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the member from the employer and from workers' compensation during the period of disability.

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the member under subsection (2) for service rendered after June 30, 1987.

(5) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the retirement system. These

contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.

(6) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's compensation as defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board.""

(2) If House Bill No. 170 is passed and approved and if it amends 19-13-704, and if [this act] is passed and approved and if it amends 19-13-704, then [section 31 of House Bill No. 170], amending 19-13-704, is void and [section 6 of this act], amending 19-13-704, shall read:

"Section 6. Section 19-13-704, MCA, is amended to read:

"19-13-704. Amount of service retirement benefit.

(1) Except as provided in subsection (2), a member

~~(a) A member hired before July 1, 1981, who elects to retire after having reached 20 years of membership service must receive a service retirement benefit equal to the sum of:~~

~~(i) 50% of the member's last monthly compensation for years of service credit up to and including 20 years; and~~

~~(ii) 2% of the member's last monthly compensation for each year of service credit after 20 years.~~

~~(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years but less than 20 years of membership service as an active member must receive a service retirement benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104.~~

~~(2) A member hired on or after July 1, 1981,~~ who retires with at least ~~10~~ 5 years of membership service must receive a service retirement benefit equal to ~~2%~~ 2.5% of the member's final average compensation for each year of service credit.

(2) A member hired before July 1, 1981, who does not elect to be covered under [section 3 of House Bill No. 170] is entitled to the greater of:

(a) the benefit provided under subsection (1); or

(b) (i) if the member retires with less than 20 years of service, a benefit equal to 2% of the member's final monthly compensation for each year of service; or

(ii) if the member retires with 20 or more years of service, a benefit equal to 50% of the member's final monthly compensation plus 2% of the member's final monthly compensation for each year of service over 20 years.

(3) Upon a retired member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the

allowance as long as they remain dependent children as defined in 19-13-104.""

(3) If House Bill No. 170 is passed and approved and if it amends 19-13-803, and if [this act] is passed and approved and if it amends 19-13-803, then [section 32 of House Bill No. 170], amending 19-13-803, is void.

(4) If House Bill No. 170 is passed and approved and if it amends 19-13-902, and if [this act] is passed and approved and if it amends 19-13-902, then [section 33 of House Bill 170], amending 19-13-902, is void.

Renumber: subsequent section

MONTANA SENATE
1997 LEGISLATURE
STATE ADMINISTRATION COMMITTEE

ROLL CALL DATE 3-25-97

NAME	PRESENT	ABSENT	EXCUSED
VIVIAN BROOKE	✓		
DEL GAGE	✓		
FRED THOMAS			✓
BILL WILSON	✓		
KEN MESAROS, VICE CHAIRMAN	✓		
DON HARGROVE, CHAIRMAN	✓		

SENATE STANDING COMMITTEE REPORT

MR. PRESIDENT:

We, your committee on State Administration having had under consideration House Bill 430 (third reading copy -- blue), respectfully report that House Bill 430 be amended as follows and as so amended be concurred in.

Signed: _____
Senator Don Hargrove, Chair

That such amendments read:

1. Page 8, line 8.
Strike: "(1)(b)"

2. Page 9.
Following: line 18
Insert:

"NEW SECTION. **Section 12. Coordination instructions.** (1) If House Bill No. 170 is passed and approved and if it amends 19-13-601, and if [this act] is passed and approved and if it amends 19-13-601, then [section 29 of House Bill No. 170], amending 19-13-601, is void and [section 3 of this act], amending 19-13-601, shall read:

"Section 3. Section 19-13-601, MCA, is amended to read:

"19-13-601. Deduction remitted to firemen's association -- member's contribution. (1) Each employer shall retain from the compensation of each active member a sum equal to 1% of the member's compensation for services as a firefighter and shall remit this amount on a monthly basis to the Montana state firemen's association for the payment of premiums on a group life and accidental death and dismemberment insurance policy for members and to defray expenses incurred by the association when representing members of the retirement system.

(2) ~~The~~ Each member's contribution to the retirement system ~~is 7.8%~~ as a percentage of the member's compensation must be:

(a) 9.5% for a member not covered under [section 3 of House Bill No. 170]; or

(b) 10.7% for a member covered under [section 3 of House Bill No. 170].

(3) If a member receives compensation under the provisions of the Workers' Compensation Act, Title 39, chapter 71, the amount received must be included as part of the member's compensation for purposes of determining contributions and

Amd. Coord.
Sec. of Senate

Senator Carrying Bill

651630SC.SRF

service credits under the retirement system. Contributions made under 19-13-604, 19-13-605, and this section must be based on the total compensation received by the member from the employer and from workers' compensation during the period of disability.

(4) Each employer, pursuant to section 414(h)(2) of the federal Internal Revenue Code, as amended and applicable on July 1, 1987, shall pick up and pay the contributions that would be payable by the member under subsection (2) for service rendered after June 30, 1987.

(5) The member's contributions picked up by the employer must be designated for all purposes of the retirement system as the member's contributions, except for the determination of a tax upon a distribution from the retirement system. These contributions must become part of the member's accumulated contributions but must be accounted for separately from those previously accumulated.

(6) The member's contributions picked up by the employer must be payable from the same source as is used to pay compensation to the member and must be included in the member's compensation as defined in 19-13-104. The employer shall deduct from the member's compensation an amount equal to the amount of the member's contributions picked up by the employer and remit the total of the contributions to the board.""

(2) If House Bill No. 170 is passed and approved and if it amends 19-13-704, and if [this act] is passed and approved and if it amends 19-13-704, then [section 31 of House Bill No. 170], amending 19-13-704, is void and [section 6 of this act], amending 19-13-704, shall read:

"Section 6. Section 19-13-704, MCA, is amended to read:

"19-13-704. Amount of service retirement benefit.

(1) Except as provided in subsection (2), a member

~~(a) A member hired before July 1, 1981, who elects to retire after having reached 20 years of membership service must receive a service retirement benefit equal to the sum of:~~

~~(i) 50% of the member's last monthly compensation for years of service credit up to and including 20 years; and~~

~~(ii) 2% of the member's last monthly compensation for each year of service credit after 20 years.~~

~~(b) A member hired before July 1, 1981, who elects to retire after having reached at least 10 years but less than 20 years of membership service as an active member must receive a service retirement benefit equal to 2% of the member's last monthly compensation for each year of service credit. Upon the retired member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as~~

~~long as they remain dependent children as defined in 19-13-104.~~

~~(2) A member hired on or after July 1, 1981,~~ who retires with at least ~~10~~ 5 years of membership service must receive a service retirement benefit equal to ~~2%~~ 2.5% of the member's final average compensation for each year of service credit.

(2) A member hired before July 1, 1981, who does not elect to be covered under [section 3 of House Bill No. 170] is entitled to the greater of:

(a) the benefit provided under subsection (1); or

(b) (i) if the member retires with less than 20 years of service, a benefit equal to 2% of the member's final monthly compensation for each year of service; or

(ii) if the member retires with 20 or more years of service, a benefit equal to 50% of the member's final monthly compensation plus 2% of the member's final monthly compensation for each year of service over 20 years.

(3) Upon a retired member's death, the benefit must be made to the surviving spouse. If there is no surviving spouse or if the surviving spouse dies and if the member leaves one or more dependent children, the children are entitled to receive the allowance as long as they remain dependent children as defined in 19-13-104."

(3) If House Bill No. 170 is passed and approved and if it amends 19-13-803, and if [this act] is passed and approved and if it amends 19-13-803, then [section 32 of House Bill No. 170], amending 19-13-803, is void.

(4) If House Bill No. 170 is passed and approved and if it amends 19-13-902, and if [this act] is passed and approved and if it amends 19-13-902, then [section 33 of House Bill 170], amending 19-13-902, is void.

Renumber: subsequent section

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